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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Follow-up to the 1996 review of the programme and administrative practices of the United Nations Environment Programme

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, and with paragraph 7 of General Assembly resolution 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General, Overseer of the Office of Internal Oversight Services, on the follow-up to the 1996 review of the programme and administrative practices of the United Nations Environment Programme (UNEP).

2. The Secretary-General takes note of its findings and concurs with its recommendations.

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Report of the Office of Internal Oversight Services on the follow-up to the 1996 review of the programme and administrative practices of the United Nations Environment Programme

Summary

The follow-up inspection of the United Nations Environment Programme (UNEP) has confirmed that the new management team, headed by its Executive Director, who took over in 1998, has concentrated its efforts on addressing the recommendations made by the Secretary-General's Task Force on Environment and Human Settlements, as well as the issues that were identified by the Office of Internal Oversight Services (OIOS) in the 1996 in-depth review of the agency. The new reform measures include, *inter alia*, the redesigning of the organizational structure of the agency, with a view to enabling it to carry out its refocused role and mandate as defined by the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme; the strengthening of the regional offices and outposts, as well as the secretariats of the UNEP-administered conventions; the strengthening of cooperation with United Nations agencies, including its funds and programmes, as well as with non-governmental organizations; and the clarification of the agency's relationship with the United Nations Office at Nairobi, to ensure that UNEP is served efficiently and economically with regard to its administrative and budgetary needs.

An essential part of the reorganization process has been the regaining of the trust and confidence of Governments, including their participation in UNEP policy development and governance. The strengthening of the Governing Council and the Committee of Permanent Representatives has improved direct interaction between Governments and UNEP senior management and has enhanced relations between them. Discussions with members of the Committee of Permanent Representatives and UNEP senior management indicate that both parties seem to have a common understanding of the role and mandate of UNEP in the post-United Nations Conference on Environment and Development period, and are equally aware of the areas of comparative advantage in which UNEP activities should be focused. OIOS believes that UNEP has been re-established and revitalized as the leading United Nations proponent of environmental issues, although it is too early to assess the outcomes of the reorganization and new vision of the agency. The present document therefore constitutes a progress report on UNEP's reform measures. A further review should be undertaken by OIOS in mid-2002, at which time it should be possible to assess, in more tangible terms, the impact of the reform.

The special session of the Governing Council, which was held in May 1998, considered and endorsed the broad outline of the new functional organizational structure of UNEP as well as its programmatic areas of concentration. The conceptualization of the new organizational structure marks a significant departure from the previous organizational framework, which had been based on a sectoral approach. The underlying principle in the functional structure indicates an effort by the Executive Director and his new senior management team to address all environmental issues in a holistic and integrated manner, rather than sectorally. Thus, the new organization chart (see annex) represents the new management's efforts to

better respond to UNEP stakeholders by implementing the environmental agenda across programmatic sections and divisions.

The members of the Committee of Permanent Representatives have given the Executive Director high marks for the renewed vision he has given UNEP, as well as for his bold and courageous efforts in pushing forward an environmental agenda that emphasizes the cutting-edge issues affecting the world community. Furthermore, Committee members are encouraged that the Executive Director's travels have significantly increased the number of countries making contributions to the Environmental Fund and have enhanced the global image of UNEP as the leading environmental agency of the United Nations. The commendations of the members of the Committee are, however, accompanied by concerns that the Executive Director is spending too much time outside of Nairobi and therefore, managing the agency from a distance. However, the inspection team learned that, unlike the situation that pertained in the past, when both the Executive Director and his Deputy were often on mission abroad, the Deputy now spends much of his time in Nairobi and ensures the smooth functioning of the agency in the absence of the Executive Director, including through constant liaison with the permanent missions.

On the basis of the findings, the report contains 11 recommendations, which include the operationalization of the new functional structure; the rationalization of the Executive Director's travel schedule; delegation of authority to senior managers; the alignment of programme planning with budgeting; and the institution of systematic feedback mechanisms to assess the relevance and usefulness of the agency's implemented programme outputs.

Contents

		Paragraphs	*Page*
I.	Introduction	1–9	4
II.	Objective of the follow-up inspection	10	5
III.	How the follow-up inspection was carried out	11	5
IV.	Revitalization of UNEP	12–26	5
V.	Organizational restructuring of UNEP	27–35	8
VI.	Reactions to UNEP's reform measures	36–44	10
VII.	The UNEP programme monitoring system	45–48	12
VIII.	Conclusions	49–53	13
IX.	Recommendations	54–64	14
Annex			
	Organization chart for the United Nations Environment Programme		16

I. Introduction

1. The Office of Internal Oversight Services (OIOS) undertook an in-depth review of the United Nations Environment Programme (UNEP) and the administrative practices of its secretariat, including the United Nations Office at Nairobi in 1996. A report on the findings, including recommendations, was issued in February 1997 (A/51/810). That review, conducted within the programme of administrative reform of the Secretary-General, was intended to examine whether the UNEP programme of work was properly conceived, implemented and assessed, and whether the secretariat was operating in an environment that facilitated efficiency and effectiveness.

2. A key finding of the in-depth review was that the lack of clarity of the role of UNEP in the post-United Nations Conference on Environment and Development (UNCED) period had affected both programme planning and implementation. The report also found that programme managers had fewer resources with which to operate and that there had not been the managerial or political will to make hard choices, vis-à-vis the priorities of the agency. The end result was a reduction in discernible results of UNEP's work, which had led to reduced donor confidence, lower extrabudgetary contributions and further programme reductions.

3. Following the in-depth review, OIOS made recommendations that focused on the need to: (a) clarify the role of UNEP in the post-UNCED period, (b) undertake urgent organizational and management reform, (c) enhance programme formulation and management, and (d) establish mechanisms for oversight and internal controls, including systematic project, programme and institutional evaluation. Another pertinent issue that the report addressed was the question of the United Nations Office at Nairobi and its responsibilities as a provider of administrative services to UNEP. One of the recommendations of OIOS addressed this issue and emphasized the need for the appropriate delegation of authority and enhancement of the capacity of the staff.

4. In its report on programme performance for the biennium 1996-1997, UNEP indicated that, since UNCED, it had placed greater emphasis on achieving concrete results from the delivery of its programmes in the region. This was being done through programme decentralization, where appropriate, the forging of new partnerships with organizations with shared core concerns and the strengthening of its traditional alliances.

5. The nineteenth special session of the General Assembly on the implementation of Agenda 21, held from 23 to 27 June 1997, reconfirmed UNEP's mandate as the lead agency and coordinator of all United Nations environmental activities. The foundation for the renewed mandate of the agency was laid out in the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme, adopted by the Governing Council of the United Nations Environment Programme at the first part of its nineteenth session, held in Nairobi from 27 January to 7 February 1997.[1] Furthermore, at its fifth special session, held in Nairobi from 20 to 22 May 1998, pursuant to the decision taken at its nineteenth session, the Governing Council reaffirmed the future role of UNEP and took a number of decisions regarding its revitalization and reform.[2]

6. To further strengthen UNEP, the Governing Council, by decision 19/32 of its nineteenth session, created the High-Level Committee of Ministers and Officials, in response to concerns expressed by some government representatives that the two-year gap between sessions hindered their ability to participate in policy-making between meetings. The High-Level Committee maintains a strong role for the Committee of Permanent Representatives and meets as an inter-sessional body to review the intergovernmental environmental agenda. It was anticipated that the High-Level Committee would contribute to the revitalization of UNEP and enable it to fulfil its role as the lead environmental agency of the United Nations.

7. In the context of his report, entitled "Renewing the United Nations: a programme for reform" (A/51/950), in 1998 the Secretary-General constituted a Task Force on Environment and Human Settlements, composed of high-level advisers from governments, civil society and within the United Nations, to assist him in developing new mechanisms for strengthening UNEP. The Task Force made a number of recommendations concerning both the Governing Council and the Executive Director of UNEP in its report to the fifty-third session of the General Assembly (A/53/463, annex). In a broad sense, the recommendations focused on a number of issues, *inter alia*, inter-agency linkages; linkages among and support to environmental and environment-related

conventions; information, monitoring, assessment and early warning; intergovernmental forums; and the involvement of major groups.

8. In resolution 53/242 of 28 July 1999, the General Assembly welcomed the efforts made by the Secretary-General to strengthen UNEP, as well as his determination to strengthen the role, capacity, effectiveness and efficiency of the United Nations to improve its performance and to enable the Organization to realize its full potential.

9. During the in-depth review of UNEP in September 1996, OIOS also found that the agency's programme monitoring system was deficient. The programme monitoring exercise at UNEP was conceived as a mere reporting mechanism of a somewhat mechanical nature to contribute to the biennial report of the Secretary-General on programme performance reporting. OIOS acknowledged that the reporting requirements did not serve UNEP well in its efforts to present a coherent presentation of what it does and what it achieves. In 1998, UNEP proposed the development of its own programme monitoring system, geared towards the needs of UNEP's management and the Governing Council.

II. Objective of the follow-up inspection

10. Against the background described above, OIOS conducted a follow-up inspection of UNEP in October 1999, with the following objectives: (a) to review the actions taken by UNEP to clarify its role and function with its stakeholders in the period following the United Nations Conference on Environment and Development, bearing in mind that it should contain measurable or, at least, observable goals and basic indicators of progress applicable to each programme and operational unit; (b) to review the new organizational structure to ensure that it clearly defines the separation of powers, lines of authority and span of control, as well as mission statement/goals and objectives, in particular the examination of the issue of delegation of authority and the mechanisms for ensuring accountability; (c) to assess established programme oversight mechanisms, which must have the authority necessary to ensure the coordination and implementation of an integrated and comprehensive programme of work; and (d) to review the services provided by the United Nations Office at Nairobi and to determine how those services impact upon the agency's programme of work.

III. How the follow-up inspection was carried out

11. Given the broad nature of the follow-up inspection exercise, both qualitative and quantitative methods of analysis were employed, involving: (a) observation of work processes and on-the-spot evaluation of work atmosphere and staff morale; (b) desk-to-desk interviews and meetings with the Deputy Executive Director, the members of the Committee of Permanent Representatives, the Chief of the Division of Administration, senior management officers and heads of Divisions, individual staff members, members of the Governing Council and permanent representatives; (c) a review of budget documents, organizational charts and staffing tables, work plans and programme output documents, internal and external assessment or audit reports measuring the results and successes of UNEP's programmes, projects and outputs and UNEP's programme monitoring database. OIOS is grateful for the invaluable assistance extended to the inspection team by the management and staff of UNEP. The views and/or comments of management on the draft report were sought and were taken into consideration in the preparation of the present final report. Management's views are presented in italics under various paragraphs in the text, as well as in the recommendations (paras. 54-64).

IV. Revitalization of UNEP

12. As stated earlier, one of the findings from the OIOS review of 1996 was that the role of UNEP in the post-UNCED period needed to be made clear to both the stakeholders and the staff.

13. In the light of the impetus to revitalize UNEP, Member States took steps during the first part of the nineteenth session of the Governing Council of UNEP, to define and clarify the refocused role and mandate of the agency by adopting the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme.

14. While reaffirming the continuing relevance of the mandate of UNEP, as stipulated in General Assembly resolution 2997 (XXVII) of 15 December 1972, and

further elaborated in Agenda 21, the Declaration stressed that the core elements of the refocused mandate of UNEP should be to: (a) analyse the state of the environment and assess global and regional environmental trends; (b) further the development of its international law aiming at sustainable development; (c) advance the implementation of agreed international norms and policies, as well as monitor and foster compliance with environmental principles and international agreements; (d) strengthen the role of UNEP in the coordination of environmental activities in the United Nations system, as well as its role as an implementing agency of the Global Environment Facility (GEF); (e) promote greater awareness and facilitate effective cooperation among all sectors of society and actors involved in the implementation of the international environmental agenda; and (f) provide policy and advisory services in key areas of institution-building to Governments and their related institutions.

15. In the context of the revitalization, reform and strengthening of UNEP, the Governing Council, at its fifth special session, affirmed that the future reform of UNEP should be predicated on the considerations that: (a) the future activities and organizational structure of UNEP are fully in line with the mandate contained in the Nairobi Declaration; (b) the reform of UNEP is aimed at the further enhancement of its role as the principal United Nations body in the field of the environment; and (c) the further organizational reform of UNEP ensures a more rational, efficient and cost-effective functioning of its secretariat.

16. OIOS noted that fundamental changes in the relationship between UNEP and the Committee of Permanent Representatives have taken place. The Committee serves as a formal channel of communication between UNEP and Member States. Its relationship with UNEP, which, in the past, has been of a rather adversarial nature, has greatly improved and is now characterized by a new partnership in which the UNEP secretariat and the Committee of Permanent Representatives work together to ensure and oversee the implementation of the Governing Council's mandates. The permanent representatives stated that the Executive Director has encouraged total transparency with Member States. Accordingly, the new spirit of cooperation between the agency and the Committee seems to have eliminated any perceived ambiguity or controversy about the agency's role and mandate in the post-UNCED period. In effect, there appeared to be basic agreement on the areas of comparative advantage in which UNEP activities should be focused.

17. The decision of the Governing Council to create an inter-sessional body further strengthened the Committee of Permanent Representatives as a subsidiary body of the Governing Council. Its specific functions are to: (a) review, monitor and assess the implementation of decisions of the Council on administrative, budgetary and programme matters within the policy and budgetary framework provided by the Governing Council; (b) review the draft programme of work and budget during their preparation by the UNEP secretariat; (c) review reports requested of the secretariat by the Governing Council on the effectiveness, efficiency and transparency of the functions and work of the secretariat and to make recommendations thereon to the Governing Council; and (d) prepare draft decisions for consideration by the Governing Council, based on inputs from the secretariat, as well as on the results of its functions.

18. The adoption of Agenda 21 by the United Nations Conference on Environment and Development in 1992 also established the need for an enhanced and strengthened role for UNEP as well as its Governing Council and indicated the necessary action that UNEP needed to take to contribute to its implementation. Agenda 21 thus broadly reinforced UNEP's original mandate and gave it additional responsibilities in the promotion of sustainable development, even as it continues to provide information, guidance and assistance on environmental assessment, policy and management and to build consensus on environmental policy and action.

19. OIOS is convinced that UNEP has recognized the inherent challenge in implementing Agenda 21 within the limits of its resources and mandates and has sought to address it proactively and deliberately. Employing the principle of openness, consultation and dialogue and the cultivation of new constituencies, while strengthening old ones, UNEP has redefined its mission and recast its programme structure, focus and content. UNEP has recognized that, not only does its work have to be technically and scientifically sound, but that it must also work to facilitate its partners' actions for the environment, and for sustainable development.

20. Pursuant to the request of the General Assembly, UNEP, in consultation with the Department for

Economic and Social Affairs and the secretariats of the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification, prepared the report of the Secretary-General on ways and means of undertaking the review of progress made in implementing conventions related to sustainable development (A/53/477). OIOS was informed that UNEP had made efforts to build closer links between trade and environmental policies, pursuant to General Assembly resolution 52/182 of 18 December 1997, and was undertaking several initiatives in cooperation with, *inter alia*, the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO) and the World Bank.

21. OIOS was informed that UNEP is making conscious efforts to strengthen its traditional alliances vis-à-vis the regions through active participation and contribution to the ministerial conferences of the respective regions. In the Africa region, UNEP is providing support, including funding for the meetings of the African Ministerial Conference on the Environment, which meets every two years. In the Asia/Pacific region, the Ministerial Conference on Environment and Development is held once every five years and has, in the past, been organized by the Economic and Social Commission for Asia and the Pacific (ESCAP) with the assistance of UNEP, the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB). In preparation for the next meeting in Japan in September 2000, UNEP is actively developing closer ties with such subregional organizations as the Association of South-East Asian Nations (ASEAN), the South Asia Cooperative Environment Programme (SACEP) the South Pacific Regional Environment Programme (SPREP) and the North-East Asian Subprogramme of Environmental Cooperation (NEASPEC) and helping in the development of their environmental action plans. In Latin America and the Caribbean, the Forum of Ministers has created an inter-agency technical committee comprising UNEP, the Inter-American Development Bank (IDB), the Economic Commission for Latin America and the Caribbean (ECLAC), UNDP and the World Bank to facilitate support for projects in the region. UNEP has indicated that it is attempting to replicate this successful model in other regions. In the West Asia region, the principal council of ministers in the Arab region is the Council of Ministers Responsible for the Environment, which covers not only Western Asia, but the Arab States of North Africa as well. UNEP has developed strong relations with the Council as well as with other regional organizations. In Europe, the impact of the regionalization of the UNEP programme is shown in the added visibility of UNEP in the European ministerial processes (Fourth Ministerial Conference, Arhus, Denmark, 23-25 June 1998; and Third Ministerial Conference on Environment and Health, London, 16-18 June 1999). The inauguration of the International Environment House in Geneva, in September 1999, enhanced UNEP's impact on Geneva institutions and permanent missions. Interaction with United Nations agencies and others (the World Health Organization (WHO)/Regional Office for Europe, the Economic Commission for Europe (ECE), UNDP) increased the effectiveness of action in countries in transition. A framework for partnership with the European Union has been put in place.

22. In its resolution 53/242, the General Assembly supported the proposal by the Secretary-General regarding the establishment of an Environmental Management Group, as recommended by the Task Force on the Environment and Human Settlements. After its review of existing structures and arrangements in the fields of the environment and human settlements, the Task Force concluded that there was a need to address unrecognized linkages and gaps among United Nations bodies and partners to enable them to share information about their respective plans and activities, as well as to inform and consult one another with a view to developing an agreed set of priorities to ensure the rational and cost-effective use of their respective capacities and resources.

23. The Environmental Management Group, whose purpose is to enhance inter-agency coordination in the fields of environment and human settlements, is entrusted with the following responsibilities: (a) to achieve effective, coordinated and joint results on specific key issues of environmental and human settlements concerns, and (b) to promote interlinkages and encourage compatibility of different approaches to common problems and contribute to the synergy and complementarity among and between the activities of its members in the fields of environment and human settlements. The Group is expected to add value to the existing United Nations system inter-agency cooperation.

24. An important element of the Group was the inclusion of non-United Nations international

institutions to ensure the development of specific issues on the environment. The establishment of the Group, has required prolonged and continuous consultations with members of the Inter-Agency Committee on Sustainable Development (IACSD). OIOS was, however, informed that UNEP is currently refining the draft terms of reference for the Group, as called for in paragraph 5 of General Assembly resolution 53/242, and plans to initiate the process of consultation with Governments in the near future. It should also be noted that the consultative process with the Administrative Committee on Coordination on the draft terms of reference is still ongoing.

25. With respect to the role of UNEP as an implementing agency of the Global Environment Facility (GEF), the General Assembly has stressed the need for UNEP to further enhance its role as defined in the Instrument for the Establishment of the Restructured Global Environment Facility. OIOS learned that considerable progress has been made in this regard. The adoption, at the twentieth session of the Governing Council and at the thirteenth session of the Global Environment Facility Council, of a plan on complementarity between the activities undertaken by UNEP under GEF and its programme of work, is considered a major step in this direction. OIOS was informed that the operational modalities for the implementation of the plan of action were approved by the Executive Director in June 1999 and also that the UNEP/GEF strategic partnership for 2000 was finalized and adopted by the Global Environment Facility Council. In line with the Instrument for the Restructured Global Environment Facility, as well as the plan of action on complementarity, OIOS learned that UNEP has continued its efforts towards the promotion of expanding opportunities for executing agencies through the convening of workshops for scientific, regional and international organizations.

26. OIOS was informed that UNEP is also actively seeking to establish partnerships with other United Nations agencies, as well as with NGOs and the private sector. The profile of the new partnerships, which support the effective implementation of the UNEP programme of work, can be best described in relation to the activities undertaken by the agency, in collaboration with its new partners. Some of the many activities carried out with respect to these partnerships include the World Conference on Global Commons, organized by the Japanese NGO, Global Environment Action, and the Government of Japan; World Environment Day '99, which was coordinated by UNEP and the National Environment Secretariat of Kenya, and made possible through the generous contributions of a number of local and private sector sponsors; the launching of the Cities Alliance, which took place at the World Bank headquarters in Washington, D.C.; and reinvigorating the formation of the Ecosystem Conservation Group, comprising UNEP, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNDP, the World Bank, the World Conservation Union (former International Union for Conservation of Nature and Natural Resources) (IUCN) and the World Wildlife Fund (WWF), to address issues of vital importance to ecosystem conservation and sustainable use of natural resources.

V. Organizational restructuring of UNEP

27. At its twentieth session, held in Nairobi from 1 to 5 February 1999, the Governing Council adopted decision 20/31 of 4 February 1999, approving, *inter alia*, the programmatic restructuring laid out in the proposed programme of work for the biennium 2000-2001, which consists of seven subprogrammes and 26 subprogramme elements.

28. At the same session of the Governing Council, the sessional committee of the whole considered the draft decisions submitted by the Committee of Permanent Representatives. Among these decisions was the strengthening of the regional offices of UNEP (GC decision 20/39). During its inspection OIOS learned that UNEP had embarked on a two-pronged approach in implementing the decision of the Governing Council. The first approach entailed the filling of deputy and information officer's posts, which had been vacant for a length of time, including the redeployment of staff from other divisions to outposts in the regions. The second involved the establishment, in Nairobi in August 1998, of the Division of Regional Cooperation and Representation, headed by a Director (D-1), to coordinate the conceptualization, planning and coherent implementation of UNEP's programmes and activities in the regions and to ensure proper communication and information sharing between the regional offices and UNEP headquarters. The six

regional offices, which include the Regional Offices for Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, North America, and Western Asia, are expected to implement UNEP programme activities according to the five areas of concentration as agreed upon by the Governing Council, namely, environmental assessment, conventions, freshwaters, industry and support to Africa.

29. On the basis of its findings, OIOS is of the view that the Executive Director has complied with the Nairobi Declaration and has made tremendous strides during the past two years in re-establishing UNEP as a viable lead agency on the environment. Visible progress has been made in redesigning the organizational structure of the agency with a view to enabling it to implement the mandates, in the post-UNCED period, defined by the Nairobi Declaration. The new functional organizational structure, which was considered and endorsed by the special session of the Governing Council held in May 1998, indicates that UNEP is addressing all environmental issues in a holistic and integrated manner. The new structure marks a significant departure from the previous sectoral approach, which had focused on sectoral units dealing with specific issues, including climate change, biodiversity, land, law and water. Given these changes, and the highly technical nature of UNEP's work, it is important that the staff be afforded training opportunities to upgrade their skills.

30. In its new functional matrix, UNEP has placed emphasis on the integration of six programmatic divisions, namely: Environmental Information, Assessment and Early Warning; Policy Development and Law; Environmental Policy Implementation; Technology, Industry and Economics; Regional Cooperation and Representation; and Environmental Conventions. The new organization chart is built on scientific knowledge, policy development and policy implementation and on the principle that UNEP would better respond to its stakeholders by carrying out cross-sectional activities. While the functional approach has its merits, it should be stressed that linkages must be created between the various divisions to ensure that cross-fertilization actually takes place. To ensure that the functional management system works properly, it would be important to emphasize diversity in project/programme implementation.

31. As part of the revitalization efforts, UNEP has established a Senior Management Group, comprising the Executive Director and his Deputy, the six divisional Chiefs, the GEF Coordinator, the Spokesperson and the Chief of the Office of the Executive Director. The Senior Management Group, which meets weekly, is responsible for all significant policy, programme and resource allocation decisions. Its objective is to ensure that UNEP has the strategic direction, management coordination, resources and infrastructure required to fulfil its refocused mandate. It is therefore, incumbent upon the Executive Director to ensure that the steps being taken to improve management through the Senior Management Group, as well as the steps towards the delegation of more authority to senior managers, are fully implemented.

32. While the characteristics of good leadership and management are as varied as they are numerous, there is little doubt that they are key ingredients for success in any organization. In this context, OIOS believes that the Executive Director has made careful and very good choices in appointing his top-level managers. Furthermore, from the discussions held with the various senior managers, it was evident that the Executive Director had made considerable efforts in establishing clear lines of responsibility, as well as in clarifying his reform and reorganization objectives to both the staff and stakeholders. However, some managers, especially those whose posts are funded through extrabudgetary resources, expressed anxieties about the duration of their contracts. This concern needs to be addressed to ensure that the staff concentrate on the implementation of UNEP's work programme rather than worry about contract extensions. The organizational functions of UNEP and responsibilities of the senior management have been articulated in the Secretary-General's bulletin of 23 December 1999 (ST/SGB/1999/21). However, OIOS observed that the Executive Director needs to further clarify and express his policy on the delegation of authority to enable divisional chiefs and senior programme managers to exercise their managerial responsibilities in filling posts, including decisions on hiring consultants and travel-related matters. OIOS reiterates its view that the Executive Director has made remarkable efforts reforming UNEP, but that more could be done from the perspective of day-to-day management. OIOS commends the efforts made by the Deputy Executive Director to put the PAS system in place and to institute monthly staff management meetings. Still, he does not seem to have complete control over staffing matters; the Executive Director

needs to address further the question of delegating authority to his Deputy. OIOS was subsequently advised that UNEP had taken action to delegate authority on travel and consultants to divisions and that the Executive Director had clearly stated that, during his absence, the Deputy Executive Director has full authority to make decisions. Furthermore, the constant absences of the Executive Director from Nairobi seemed to have created a disconnection between him and the staff, who feel that their interests have been marginalized in the reform process. In response to these observations, UNEP explained that there is a large and growing number of meetings taking place outside Nairobi in which the Executive Director's personal participation is necessary, such as meetings of the conferences of parties to the various conventions and meetings of the Commission on Sustainable Development/the Economic and Social Council/the Global Environment Facility Council/industry organizations and the scientific community. In addition, frequently he has to consult with key developed and developing countries, as well as attend meetings of the subregional and regional forums to promote the implementation of UNEP's global programme at those levels. Nevertheless, the Executive Director intends to curtail, as far as possible, his absences from Nairobi.

33. OIOS learned that administratively the new organizational structure included the transfer to the United Nations Office at Nairobi of the functions of budget administration, staffing table control, implementation of audit responses and provision of administrative support to the Programme and the secretariats of the environmental conventions associated with UNEP. Effectively, the Budget and Fund Management Service of UNEP was consolidated under the Division of Administrative Services of the Office at Nairobi, with the corresponding transfer of 11 Professional and 25 local level posts. The other organizational units that were part of that Service, such as the Programme Coordination and Management Unit and the Evaluation and Oversight Unit, were transferred to the Office of the Executive Director.

34. As a backdrop to the current arrangement, it is important to remark that the Division of Administrative Services of the United Nations Office at Nairobi was established effective 1 January 1996 to replace the two separate divisions of administration of UNEP and the United Nations Centre for Human Settlements (Habitat), including the United Nations Common Services at Nairobi. The objective of the merger was to strengthen the United Nations presence in Nairobi and to achieve economies of scale in the provision of administrative services. However, OIOS learned from several sources within UNEP that there was a growing concern about the quality of the services rendered by the Office at Nairobi, as well as about the lack of transparency on the part of the Office regarding the use of resources. In its interviews with both UNEP and the senior managers of the United Nations Office at Nairobi, OIOS further learned that there were no mechanisms to assess client-satisfaction with the services provided by the Office at Nairobi, nor were there any practices of clarifying service arrangements through the issuance of service agreements to ensure that UNEP was getting maximum value for its money.

35. OIOS feels that, just as it is good management practice to align programmatic elements with the organizational structure, it is equally important to align programme planning with budgeting. Several programme managers complained that the move of the Budget and Fund Management Service to the United Nations Office at Nairobi had complicated rather than facilitated administration and budgetary processes. In order to address those concerns, the transfer of UNEP's fund management to the United Nations Office at Nairobi should be reviewed to assess whether or not there have been any advantages for the transfer and to identify areas in which close collaboration and the sharing of information between fund management and programme planning, could be improved. This is important for the overall success of UNEP's revitalization. After all, while well coordinated and supported services can facilitate or enhance the organization's sustainability or success, uncoordinated or poorly managed support services can impede an organization's effective implementation of its programmes.

VI. Reactions to UNEP reform measures

36. Members of the Committee of Permanent Representatives, in general, acknowledge that the new leadership has revitalized UNEP and given the agency its deserved global image with respect to environmental issues. They very much appreciate the streamlining of the organizational and programmatic

structures of UNEP, which, they maintain, has responded to the needs of Member States. On the other hand, while expressing appreciation for the progress achieved so far by the Executive Director and his team, some members worry that the restructuring of UNEP, in some ways, could be viewed as being too ambitious and radical and lacking the necessary precautionary measures to ensure its success.

37. The members of the Committee of Permanent Representatives applaud the Executive Director's constructive engagement and willingness to engage in dialogue with the Committee of Permanent Representatives, and recognize that he has re-established UNEP's lost leadership. However, they also worry that the Executive Director tends to travel excessively outside of Nairobi. They maintain that the Executive Director spends not more than 10 working days in a month in Nairobi and members of the African Group, in particular, complained that they have not met with him much, except during scheduled meetings of the Committee of Permanent Representatives. On the other hand, the Committee of Permanent Representatives did appreciate that the Deputy Executive Director travels infrequently and has done an excellent job in responding to their needs in the absence of the Executive Director. They expressed appreciation for the Executive Director's efforts to enhance information-sharing and would like to see this transparency and openness further extended to administrative and programmatic matters.

38. OIOS found that, given the agency's previously cash-strapped situation, the Executive Director's travels have not only helped in improving its global image, but its financial situation as well. On that note, OIOS learned that UNEP is in good financial status. Its relations with donor countries have improved tremendously during the last two years. However, OIOS considers that the Executive Director needs to maintain a more constant presence in Nairobi to cater to important management, administrative and staff related issues.

39. Members of the Committee of Permanent Representatives acknowledge that the Executive Director has done an excellent job in strengthening some of the regional offices. However they expressed concern about the delay in filling the post of head of the Regional Office for Africa, which has been vacant for over a year. It is the only regional office without a Director and members of the African Group are uncertain about the capacity of its current staff to spearhead the discussion on serious African environmental issues. They observe, for example, that Africa is not participating fully in international negotiations, as well as in the discussions on other important environmental issues, as it should, for lack of substantive input from its regional office.

40. Furthermore, members of the African Group maintain that the Regional Office for Africa has been, and continues to be, staffed by officials from one subregion, without due regard for geographical representation. The Group maintains that, as the situation continues, they are tempted to think that UNEP management does not give priority to the continent. They are also concerned that there have not been any substantial allocations of financial resources to Africa that can match the continent's environmental needs.

41. UNEP has pointed out that there has been an officer-in-charge at all times and senior management has ensured that the programme of work for the Office has not only been implemented but significantly enhanced, in accordance with the high priority given to Africa. Efforts are continuing to find a director, although UNEP feels that the decision to downgrade all the regional directors posts to D-1 has made it more difficult to find a good, qualified African candidate for the post. OIOS urges that all efforts be made to advertise the position in international technical magazines, as well as on the Internet.

42. For their part, UNEP's senior managers welcome the new spirit of dynamism brought by the new Executive Director, as well as the restructuring that has taken place, which has enabled UNEP to regain its credibility, confidence and identity. They acknowledge that UNEP now has a clear vision and mandate, but maintain that the dramatic changes that have taken place in such a short time are not without uncertainties and risks. OIOS observed that the senior staff were very committed to UNEP's renewed mission and that it would be appropriate to institute cross-divisional interactions and some form of orientation for the new managers to enhance synergies among them.

43. OIOS found that staff management relations have greatly improved since the arrival of the current Executive Director. The staff representatives are of the view that the Director inherited a lot of unpopular decisions, which adversely affected staff morale.

Although the staff have gone through a difficult period, when UNEP visibly lost its lustre, which staff feel led to disregard for their interests, they are willing to give the Executive Director a chance to rebuild UNEP. They feel that he is on the right track and needs the support of all the staff. However, they are visibly worried about job security. They are concerned that long-term contracts are a thing of the past and that upward mobility is lacking. There is an obvious need to encourage and reward competent staff and to inform them regularly of developments and decisions that are being taken in respect of the reorganization.

44. OIOS found that, despite the United Nations commitment to ensuring gender balance within its professional and managerial categories, the imbalance in UNEP is glaring. From the discussions with the staff as well as members of the Committee of Permanent Representatives, OIOS discerned that African women are even further disadvantaged in this regard, as evident from the profile of the recently recruited senior managers. OIOS views this situation with profound concern and urges UNEP to take a proactive approach that will ensure equal opportunities for qualified women from as wide a geographical spread as possible. UNEP's management has confirmed that gender balance is indeed a great concern to UNEP. Already at the time of the inspection, all vacancy announcements included a sentence encouraging qualified female candidates to apply. Furthermore, management is aware of the imbalance and preference is being given to equally qualified females. Nevertheless, UNEP should, and promises to, do more in this regard. OIOS commends UNEP's assurances on this issue, which is of vital importance to the Secretary-General and the member States.

VII. The UNEP programme monitoring system

45. During the in-depth review of UNEP in 1996, OIOS found that its programme monitoring system was deficient. It was the view of OIOS that the monitoring exercise at UNEP was perceived as a mere reporting mechanism of somewhat mechanical nature to contribute to the biennial report of the Secretary-General on programme performance reporting. In 1998, during a meeting between the Under-Secretary-General of the OIOS and UNEP officials, the agency proposed the development of its own programme monitoring system, geared towards the needs of UNEP management and the Governing Council.

46. The fundamental issue, which has been raised repeatedly by UNEP, is that its monitoring system is deficient because of the disproportionate reporting burden imposed by the General Assembly in relation to UNEP's allocation of regular budget resources (approximately 4 per cent of UNEP total funding resources as at June 1998). OIOS has repeatedly objected to the proposals of the agency to report only on activities implemented with regular budget resources on the grounds that UNEP is mandated by the General Assembly and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (PPBME) to report on activities financed through both regular as well as extrabudgetary allocations. During the follow-up inspection, as well as during previous discussions on the subject, OIOS advised UNEP that the agency must continue to report on all programmed activities as stipulated in the Regulations and Rules. In this regard, OIOS has stressed that only the General Assembly has the authority to allow UNEP the flexibility of reporting solely on activities implemented with regular budget resources. UNEP will have to develop its own monitoring system that focuses on the specific needs of internal management and the Governing Council.

47. Following a decision of the Governing Council, UNEP is required to report biannually on the progress of programme implementation. It should be noted that UNEP's programme of work, as approved by the Governing Council, is always different from the programme of work submitted to the General Assembly and included in the programme budget document. In view of the fact that the two programme descriptions are not consistent, UNEP has the extraordinary task of having two parallel monitoring systems. Nonetheless, UNEP seems to have taken the necessary steps in preparation for reporting to OIOS at the end of the biennium 1998-1999.

48. OIOS considers that UNEP has established adequate oversight mechanisms to ensure the coordination and implementation of its programme of work. The functions are carried out within the Programme Coordination and Management Unit, which undertakes programme evaluations, subprogramme reviews and management studies, as well as audits and

inspections. The Evaluation and Oversight Unit assesses information and lessons learned from evaluations and then feeds back the information into programme and project development. OIOS welcomes these oversight mechanisms, including the introduction of qualitative assessment measures to ensure the effective delivery of programmed outputs to meet the requirements of both the United Nations system, as well as those of the Governing Council. OIOS also recommends that feedback mechanisms should be institutionalized to determine the use made of implemented outputs and services.

VIII. Conclusions

49. Following the 1999 inspection, OIOS concluded that UNEP is moving in the right direction; it has recaptured the confidence of its stakeholders and rebuilt its credibility. The reorganization of UNEP has taken its stakeholders' urgent priorities and essential areas of concentration into consideration, as defined by its governing structures, its revitalized programme and institutional structure adopted at the fifth special session of the Governing Council, as well as in General Assembly resolution 53/242. There are visible indicators that the Governing Council and the Executive Director have succeeded in transforming UNEP into a viable organization with the legislative authority and adequate, predictable resources to enable it to effectively fulfil its mandates, as called for in the Nairobi Declaration. It is the view of OIOS that the reform measures, including the new organizational and programmatic structure instituted by the Executive Director, reflect the general thrust of the reform goals of the Secretary-General. He has succeeded in assembling a cohesive and high calibre management team, which is eager to contribute to the refocused role of UNEP as the leading United Nations environmental agency.

50. Member States have overwhelmingly signalled their approval of the reform measures and are of the view that the new functional organization needs to be operationalized at both the institutional and the international levels. While they feel that UNEP now has a clear vision, they also maintain that its success will be judged, *inter alia*, by its capacity to coordinate and find synergies among the secretariats of all the environmental conventions. Although they are concerned about the absences of the Executive Director from Nairobi, they are pleased that his efforts at resource mobilization and his image-enhancing campaigns have had a positive impact on UNEP's global credibility and have led to the agency's financial viability.

51. Staff management relations have greatly improved under the current leadership. In this regard, OIOS was pleased to note that regular staff/management meetings have been initiated. However, the staff are worried about the rate of staff turnover. Although, by and large, the staff do not want to cast any doubts on the new management team, some institutional memory has been lost as a result of the reorganization and staff turnover. The staff are very much concerned about delays in filling vacancies and attribute this to the perceived micro-management of recruitment matters by the Executive Director.

52. Although the relationship between the United Nations Office at Nairobi and UNEP has been clearly defined in instructions issued by Headquarters, there are lingering questions about the efficiency of the transfer of the management of the United Nations Environment Fund to the United Nations Office at Nairobi. UNEP wishes to get the maximum value for its money and considers that the establishment of the Headquarters Management Board is a means to achieve this objective. As stated earlier in this regard, OIOS is of the view that there is a need to review the usefulness of the realigning of programme planning and budgeting. Furthermore, assessment measures should be instituted to gauge client satisfaction, including consideration for the introduction of service agreements.

53. The inspection has confirmed that the restructuring of UNEP has responded to the expressed requirements of Member States. Great strides have been made in reforming UNEP, but it is not feasible to prejudge the outcome of the reform process. Given the fact that the implementation of the measures are to take effect during the biennium 2000-2001, actual measurements and assessments of the consequences of the operationalization of the new UNEP strategies cannot be made until after the next biennium. This report therefore constitutes a progress report on UNEP's reform efforts. A further review should be undertaken by OIOS in mid-2002. OIOS was encouraged by the commitment of the management of UNEP, as expressed in its comments, to fully address

all the issues raised in the report and to implement all the recommendations.

IX. Recommendations

54. UNEP needs to further clarify the new functional structure and reform measures through regular seminars and briefings for donors, Member States and the staff at large. (SP-99-002-01).

UNEP advised OIOS that, as per General Assembly resolution 53/242, it is expected to hold extensive consultations with Governments and international organizations. Management maintained that it will take some time for the process of consultation to yield dividends, but will implement the recommendation.

55. Regular dialogue with the Committee of Permanent Representatives should continue; management information provided to the Committee should be further increased. (SP-99-002-02).

UNEP indicated that the Executive Director has already instituted a new spirit of constructive engagement and cooperation with the Committee of Permanent Representatives, which has led to willingness for regular dialogue, good relations and enhanced transparency. UNEP has accepted to make further efforts in implementing the recommendation.

56. Given the marked visibility already attained by the Executive Director in his first two years in office, he needs to respond to concerns by Member States and the staff about his frequent absences from Nairobi. He should rationalize his travel schedule, including by delegating more official representation to the Deputy Executive Director, so as to be present in Nairobi for the ongoing management of UNEP and the United Nations Centre for Human Settlements, of which he is also the head. (SP-99-002-03).

UNEP has advised OIOS that the Executive Director intends to curtail, as far as possible, his absences from Nairobi (see para. 32).

57. The Executive Director should delegate more authority to the senior managers to enable them to take the necessary administrative decisions regarding programme implementation and staff placement. (SP-99-002-04).

UNEP advised OIOS that the Executive Director has stated in several memoranda that, during his absence from Nairobi, the Deputy Executive Director has full authority to make decisions. Furthermore, he has established mechanisms on the delegation of more authority to division heads, especially on matters relating to travel and the hiring of consultants. The Executive Director is committed to implementing the recommendation.

58. Cross-divisional interaction should be instituted to enhance synergies among the various programmatic elements and the senior management and to optimize the purpose for which the functional structure was developed. (SP-99-002-05).

UNEP maintained that the functional approach that has been implemented is intended to achieve synergies among various programmatic elements as well as among the senior management, since it addresses all environmental issues in a holistic and integrated manner, rather than sectorally. UNEP has indicated its willingness to continue efforts in that direction.

59. Regular intra-divisional/unit meetings should be instituted to ensure that the staff are fully informed of management decisions and progress on the reform process. (SP-99-002-06).

UNEP advised OIOS that since the finalization of the reorganization process has taken place, all staff are being informed accordingly, in particular through such forums as the established task forces and the Senior Management Group that have been established to encourage interaction between the various units. It will continue these efforts.

60. The Executive Director needs to make himself more available to staff representatives; regular dialogue is desirable to ensure staff support for the reform measures. (SP-99-002-07).

The management of UNEP acknowledged that it is essential to maintain focus on the importance of the reform issues and advised OIOS that regular meetings are in place to enable the Executive Director, Deputy Executive Director, administrative heads and staff representatives to meet with the Ombudsman on a regular basis.

They said that they are committed to ensuring staff participation in the reform process.

61. Programme planning should be aligned with budgeting to ensure congruency; management of the Environment Fund by the United Nations Office at Nairobi needs to be reviewed and collaboration between the Office at Nairobi and UNEP programme managers should be enhanced. In this regard, a small task force should be constituted to identify whether and how the management of the United Nations Office at Nairobi affects workflow and which areas may be improved. (SP-99-002-08).

UNEP advised OIOS that, since the transfer of the management of its Fund to the United Nations Office at Nairobi, arrangements have been established that ensure that a Fund Management Officer, who plays the role of certifying officer, works with each programme manager within UNEP. UNEP accepted the recommendation which calls for the establishment of a task force.

62. Systematic feedback mechanisms to assess the usefulness of implemented programmes to end users should be instituted. (SP-99-002-09).

UNEP maintained that it has taken the necessary steps to establish an evaluation and oversight unit to assess information on programme utilization as well as lessons learned. It will continue to enhance its feedback mechanisms.

63. UNEP's work is highly technical and it is important to maintain and upgrade staff skills. Training resources need to be augmented, if possible from extrabudgetary funds, to enhance staff capabilities. (SP-99-002-10).

UNEP acknowledged that there is need for an aggressive staff development programme and advised OIOS that efforts in that direction are under way. It will follow up on the implementation of this recommendation.

64. The relationship between the United Nations Office at Nairobi and UNEP needs to be clarified in terms of the services provided; service agreements and costing are desirable; and client-feedback mechanisms should be institutionalized to gauge client satisfaction with services provided. (SP-99-002-11).

The management of UNEP indicated that the relationship between the agency and the United Nations Office at Nairobi had been clarified in document UNEP/GC.20/INF/5 of 26 January 1999. However, UNEP acknowledged that, at present, there are no systematic mechanisms in place to gauge client satisfaction with the services provided by the Office at Nairobi. This recommendation will, therefore, be implemented in terms of establishing service agreements, a cost accounting system and client feed-back mechanisms.

(*Signed*) Hans **Corell**
Under-Secretary-General
Overseer, Office of Internal Oversight Services

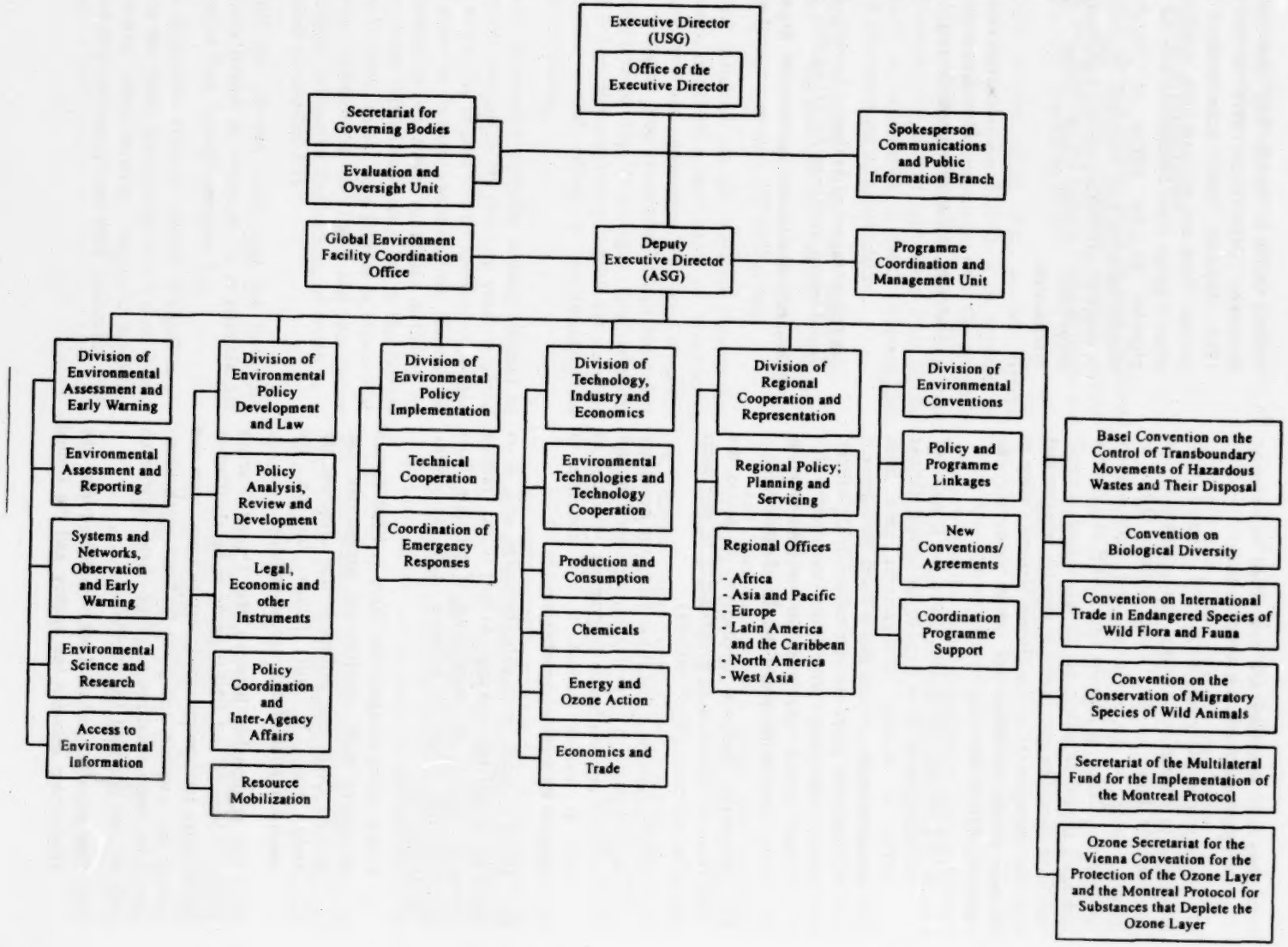
Notes

[1] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 25* (A/52/25), chap. IV.

[2] Ibid., *Fifty-third Session, Supplement No. 25* (A/53/25).

Annex

Organization chart of the United Nations Environment Programme (January 1999)


Executive Director (USG)
Office of the Executive Director
Secretariat for Governing Bodies
Evaluation and Oversight Unit
Spokesperson Communications and Public Information Branch
Global Environment Facility Coordination Office
Deputy Executive Director (ASG)
Programme Coordination and Management Unit
Division of Environmental Assessment and Early Warning
Environmental Assessment and Reporting
Systems and Networks, Observation and Early Warning
Environmental Science and Research
Access to Environmental Information
Division of Environmental Policy Development and Law
Policy Analysis, Review and Development
Legal, Economic and other Instruments
Policy Coordination and Inter-Agency Affairs
Resource Mobilization
Division of Environmental Policy Implementation
Technical Cooperation
Coordination of Emergency Responses
Division of Technology, Industry and Economics
Environmental Technologies and Technology Cooperation
Production and Consumption
Chemicals
Energy and Ozone Action
Economics and Trade
Division of Regional Cooperation and Representation
Regional Policy; Planning and Servicing
Regional Offices
- Africa
- Asia and Pacific
- Europe
- Latin America and the Caribbean
- North America
- West Asia
Division of Environmental Conventions
Policy and Programme Linkages
New Conventions/ Agreements
Coordination Programme Support
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
Convention on Biological Diversity
Convention on International Trade in Endangered Species of Wild Flora and Fauna
Convention on the Conservation of Migratory Species of Wild Animals
Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol
Ozone Secretariat for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol for Substances that Deplete the Ozone Layer